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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

☒ X

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the
Quarterly Period Ended May 31, 1992

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-12323

PROCESSED BY

13-13-1
JUL 17 1992

Intermetrics, Inc.

(Exact name of registrant as specified in its charter)

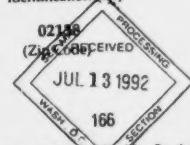
Delaware

(State or other jurisdiction of
incorporation or organization)

733 Concord Avenue, Cambridge, Massachusetts
(Address of principal executive office)

Registrant's telephone number, including area code: (617) 661-1840

Microfilmed by
Q-Data Corp. - St. Petersburg, FL)
(I.R. Identification No.)



Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days.

Yes ☒ X No ☐

As of June 30, 1992, there were 3,779,472 shares of the Registrant's common stock (par value \$.01 per share) outstanding.

INTERMETRICS, INC.

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PART I: FINANCIAL INFORMATION

INTERMETRICS, INC. CONSOLIDATED CONDENSED BALANCE SHEETS

	May 31, 1992 (Unaudited)	February 29, 1992
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 889,000	\$ 763,000
Investments	5,892,000	5,835,000
Accounts receivable	9,569,000	10,888,000
Unbilled receivables	5,467,000	4,729,000
Other current assets	666,000	760,000
Total current assets	22,483,000	22,975,000
Equipment and leasehold improvements:		
Data processing and other equipment	8,137,000	8,094,000
Furniture and office equipment	2,418,000	2,306,000
Leasehold improvements	723,000	706,000
	11,278,000	11,106,000
Less: Accumulated depreciation and amortization	9,811,000	9,656,000
	1,467,000	1,450,000
Other long-term assets	4,436,000	4,185,000
Less: Accumulated amortization	1,843,000	1,707,000
	2,593,000	2,478,000
Total Assets	\$26,543,000	\$26,903,000

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 2,137,000	\$ 1,820,000
Accrued payroll and employee benefits	4,038,000	4,251,000
Other accrued liabilities	2,274,000	2,312,000
Unearned revenue	717,000	985,000
Deferred income taxes	537,000	537,000
Total current liabilities	9,703,000	9,905,000
Commitments		
Stockholders' equity:		
Common stock, \$0.01 par value:		
Authorized 12,000,000 shares;		
Issued 3,811,992 shares at May 31, 1992 and	38,000	38,000
3,786,117 shares at February 29, 1992	10,111,000	9,996,000
Capital in excess of par value	6,907,000	7,153,000
Retained earnings	(10,000)	(2,000)
Cumulative effect of currency translation		
Treasury stock, at cost, 34,020 shares at	(206,000)	(187,000)
May 31, 1992 and 30,870 shares at February 29, 1992	16,840,000	16,998,000
Total stockholders equity	\$26,543,000	\$26,903,000
Total Liabilities and Stockholders' Equity		

The accompanying notes are an integral part of these consolidated condensed financial statements.

INTERMETRICS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended May 31,	
	<u>1992</u>	<u>1991</u>
Revenues	\$14,901,000	\$14,938,000
Cost of revenues	10,563,000	10,856,000
Selling, general and administrative costs	3,240,000	3,014,000
Research and development costs	<u>333,000</u>	<u>251,000</u>
Operating profit	765,000	817,000
Interest income, net	<u>70,000</u>	<u>126,000</u>
Income before income taxes	835,000	943,000
Provision for income taxes	<u>326,000</u>	<u>377,000</u>
Net income	\$ 509,000 =====	\$ 566,000 =====
Net income per share	\$.13	\$.15
Weighted average shares outstanding	3,855,000	3,755,000

The accompanying notes are an integral part of these consolidated condensed financial statements.

INTERMETRICS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	<u>COMMON STOCK</u>		Capital in Excess of Par Value	Retained Earnings	Cumulative Effects of Currency Translation Adjustments	<u>Treasury Stock</u>		Total Stockholders' Equity
	<u>Number of Shares</u>	<u>\$01 Par Value</u>				<u>Shares</u>	<u>Cost</u>	
Balance								
February 28, 1991	3,664,033	\$ 37,000	\$ 9,469,000	\$5,496,000	\$ 8,000	(23,722)	\$(142,000)	\$14,868,000
Stock options	91,822	1,000	412,000	-	-	-	-	413,000
Purchase of Treasury Stock	-	-	-	-	-	(7,148)	(45,000)	(45,000)
Employee Stock Plan	30,242	-	115,000	-	-	-	-	115,000
Dividend paid (\$.20 per share)	-	-	-	(733,000)	-	-	-	(733,000)
Currency translation	-	-	-	-	(10,000)	-	-	(10,000)
Net income	-	-	-	2,390,000	-	-	-	2,390,000
Balance								
February 29, 1992	3,786,117	38,000	9,996,000	7,153,000	(2,000)	(30,870)	(187,000)	16,998,000
Stock Options	25,875	-	115,000	-	-	-	-	115,000
Purchase of Treasury Stock	-	-	-	-	-	(3,150)	(19,000)	(19,000)
Employee Stock Plan	-	-	-	-	-	-	-	-
Dividend paid (\$.20 per share)	-	-	-	(755,000)	-	-	-	(755,000)
Currency translation	-	-	-	-	(8,000)	-	-	(8,000)
Net income	-	-	-	509,000	-	-	-	509,000
Balance								
May 31, 1992	3,811,992	\$ 38,000	\$10,111,000	\$6,907,000	\$(10,000)	(34,020)	\$(206,000)	\$16,840,000
	=====	=====	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these consolidated condensed financial statements.

INTERMETRICS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	<u>Three Months ended May 31,</u>	
	<u>1992</u>	<u>1991</u>
CASH PROVIDED BY OPERATIONS:		
Net income	\$ 509,000	\$ 566,000
Depreciation and amortization	<u>313,000</u>	<u>243,000</u>
	<u>822,000</u>	<u>809,000</u>
CASH PROVIDED BY (USED FOR) WORKING CAPITAL:		
Accounts receivable	1,319,000	146,000
Unbilled receivables	(738,000)	938,000
Other current assets	94,000	2,000
Accounts payable	317,000	(821,000)
Accrued payroll and employee benefits	(213,000)	(129,000)
Unearned revenue	(268,000)	109,000
Accrued liabilities and deferred income taxes	<u>(38,000)</u>	<u>(82,000)</u>
	<u>473,000</u>	<u>163,000</u>
CASH FROM OPERATIONS	<u>1,295,000</u>	<u>972,000</u>
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES:		
Sale (purchase) of investments, net	(57,000)	(121,000)
Acquisition of equipment and leaseholds	(202,000)	205,000
Proceeds from sale of equipment	-0-	4,000
Purchases of other long-term assets	<u>(751,000)</u>	<u>(68,000)</u>
	<u>(510,000)</u>	<u>20,000</u>
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES:		
Proceeds from stock option activity	115,000	160,000
Purchase of Treasury Stock	(19,000)	(45,000)
Dividend paid	<u>(755,000)</u>	<u>(733,000)</u>
	<u>(659,000)</u>	<u>(618,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>126,000</u>	<u>374,000</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>763,000</u>	<u>486,000</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 889,000</u>	<u>\$ 860,000</u>
	=====	=====

The accompanying notes are an integral part of these consolidated condensed financial statements.

INTERMETRICS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
May 31, 1992

1. Basis of Presentation

In the opinion of management, the accompanying consolidated condensed financial statements contain all normal recurring adjustments necessary for a fair presentation. The results of operations for the three-month period ended May 31, 1992 are not necessarily indicative of the results to be expected for the full year.

The significant accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in the annual report on Form 10-K, Securities and Exchange Commission file number 0-12323, dated May 22, 1992 which is incorporated herein by reference. These financial statements should be read in conjunction with the financial statements included in the annual report on Form 10-K.

2. Reclassifications

Certain items within the May 31, 1991 Consolidated Condensed Statements of Cash Flows and the Consolidated Condensed Statements of Income have been reclassified for consistent presentation. Such reclassifications have no effect on previously reported earnings.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

RESULTS OF OPERATIONS

REVENUES (In Thousands)

	Three Months ended May 31		
	1992	INC(DEC)	1991
Revenues	\$14,901	-%	\$14,938

The Company's revenues for the first quarter of fiscal 1993 remained at approximately the same level as the first quarter of fiscal 1992, but were down about 7% from the fourth quarter of fiscal 1992. A revenue comparison across the Company's businesses between the first quarters of fiscal 1993 and 1992 indicates an increase at the Defense Systems Group of about 8% offset by a comparable reduction at the Aerospace Systems Group. Higher revenues at Defense Systems are principally attributed to additional work on existing software engineering and systems contracts. The decrease in revenues at Aerospace Systems resulted from completion of contracts and deferred funding on awarded contracts. The mix between government and commercial revenues remained at the same levels for the first quarters of fiscal 1993 and 1992. The decrease in revenues when compared to the fourth quarter of fiscal 1992 was primarily attributed to contract completions and funding delays at the Company's Aerospace Systems Group and to fewer shipments of standard software tool products.

The Company's backlog at the end of the first quarter of fiscal 1993 was \$43.2 million. This compares to a backlog of \$53.4 million at year end fiscal 1992. The decrease is attributed to deferred funding on awarded contracts as well as delays of anticipated government proposals and awards.

COST OF REVENUES (In Thousands)

	Three Months ended May 31		
	1992	INC(DEC)	1991
Cost of revenues	\$10,563	(3%)	\$10,856
% of revenues	71%		73%

Cost of revenues as a percentage of revenues improved slightly in the first quarter of fiscal 1993 over the same period a year ago. The improved performance was primarily attributed to improved performance on certain government contracts with award fee provisions. The receipts of these award fees, subject to performance evaluations, results in increased revenue recognition without a corresponding increase in cost. Due to the Company's contract mix and the competitive nature of recently awarded contracts, cost as a percentage of revenues for fiscal 1993 is expected to remain consistent with historical performance.

OPERATING EXPENSES (In Thousands)

	Three Months ended May 31.		
	1992	INC(DEC)	1991
Selling, general and administrative costs	\$3,240	7%	\$3,014
% of revenues	22%		20%
Research and development costs	\$333	33%	\$251
% of revenues	2%		2%

Selling, general and administrative (SG&A) costs in the first quarter of fiscal 1993 increased by 7% when compared to the same period last year. SG&A costs as a percentage of revenues also increased from 20% to 22% during the two fiscal quarters. The increase in SG&A costs is primarily attributed to market development costs associated with the Company's planned strategy to invest in potential growth opportunities in commercial (business alliances with IBM and Texas Instruments for multimedia systems, and with Serius Corporation for object-oriented programming technology) and civilian government markets. The Company also incurred substantial spending on new and follow-on government proposals targeted for award later in fiscal 1993. SG&A costs were partially offset by a cost containment program initiated within the Company's standard software tools operations.

Research and development (R&D) costs increased in the first quarter of fiscal 1993 by 33% over the same quarter one year ago. R&D costs reflect Company-funded expenditures as well as those costs allowable under U.S. Government contracts not related to a particular contract. The increase in costs was principally attributed to substantially higher spending of R&D costs allowable under U.S. Government contracts. These costs were partially offset by lower Company sponsored development costs related standard software tools products.

OPERATING PROFIT (In Thousands)

	Three Months ended May 31.		
	1992	INC(DEC)	1991
Operating profit	\$765	(6%)	\$817
% of revenues	5%		5%

Operating profit was lower by 6% in the first quarter of fiscal 1993 when compared to the prior period last year. As a percentage of revenues, operating profit remained at the same level as the prior reporting period. The decrease in operating profit dollars in the first quarter of fiscal 1993 is principally attributed to higher SG&A costs related to market development expenditures.

INTEREST INCOME, NET (In Thousands)

	Three Months ended May 31.		
	1992	INC(DEC)	1991
Interest income, net	\$70	(44%)	\$126
% of revenues	-%		1%

The Company's results of operations continued to benefit from net interest income in the first quarter of fiscal 1993, although at a reduced level. The decreased level in the first quarter of fiscal 1993 when compared to the same period a year ago resulted from lower invested cash balances combined with declining interest rates. The prepayment of the Company's long term debt in fiscal 1992 provided some benefit in the current quarter.

INCOME TAXES (In Thousands)

	Three Months ended May 31.		
	1992	INC(DEC)	1991
Income taxes	\$326	(14%)	\$377
% of revenues	2%		3%
Effective rate	39%		40%

The Company's effective income tax rate of 39% for the first quarter of fiscal 1993 is down slightly from the 40% rate in the first quarter of fiscal 1992. The higher effective rate of 40% in the first quarter of fiscal 1992 was subsequently adjusted during the year (to 38%) to reflect utilization of available tax credits.

LIQUIDITY AND CAPITAL RESOURCES

The Company's combined cash and investment balance was \$6,781,000 at the end of the first quarter of fiscal 1993. This compares with a balance of \$6,598,000 on hand at year end fiscal 1992. Cash provided from operations and working capital of \$1,295,000 was used to purchase capital equipment and other long term assets as well as pay a dividend on the Company's common stock. On April 8, 1992, the Company's Board of Directors voted the regular annual cash dividend of \$.20 per share, amounting to a total payment of approximately \$755,000. The dividend was paid on May 20, 1992 to stockholders of record on April 30, 1992.

Working Capital, which consists principally of investments and receivables, was \$12,780,000 at the end of the first quarter of fiscal 1993 compared to \$13,070,000 at year end fiscal 1992. The reduction in working capital resulted from a lower accounts receivable balance partially offset by higher unbilled receivables. The lower accounts receivable balance was attributed to increased cash collections and a reduction in revenues when compared to the fourth quarter of fiscal 1992. The higher unbilled receivables resulted from expenditures on development efforts not billable until the completion of major milestones. The ratio of current assets to current liabilities as of the end of the first quarter and year end was 2.3:1. The Company had no long term debt at the end of the first quarter of fiscal 1993 since it had prepaid the remaining balance of unsecured debt during the prior fiscal year. The Company continues to maintain an unsecured combined \$8,000,000 credit facility composed of a \$5,000,000 bank revolving credit loan and a \$3,000,000 line of credit. As of May 31, 1992 and the end of the prior fiscal year, the Company had no borrowings under this facility.

PART II: OTHER INFORMATION

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

None

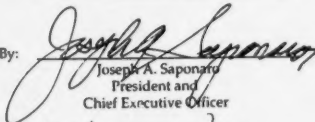
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Intermetrics, Inc.

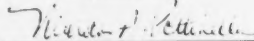
Date: July 10, 1992

By:


Joseph A. Saponaro
President and
Chief Executive Officer

Date: July 10, 1992

By:


Nicholas A. Pettinella
Vice President - Finance
Chief Financial Officer,
Treasurer and
Assistant Secretary